

OTS DOCKET #

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UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of  
RONALD A. GRIFFITH,  
An Officer of  
UNION FEDERAL SAVINGS BANK  
Brea, California.

OTS Order No. SF-95-020

Date: October 31, 1995

STIPULATION AND CONSENT TO ORDER TO CEASE AND DESIST  
DIRECTING RESTITUTION AND OTHER APPROPRIATE RELIEF

Respondent, Ronald A. Griffith ("GRIFFITH"), an officer and Corporate Counsel of Union Federal Savings Bank, Brea, California ("Union Federal"), hereby submits this Stipulation and Consent to Order to Cease and Desist ("Consent") to the Office of Thrift Supervision of the United States Department of the Treasury ("OTS") in consideration of the OTS' forbearance from commencing an administrative proceeding against GRIFFITH on the matters set forth in the accompanying Order to Cease and Desist ("Order").

The OTS is of the opinion that grounds exist to initiate an administrative proceeding against GRIFFITH in accordance with Section 5(d)(1)(A) of the Home Owners' Loan Act of 1933 ("HOLA"), as amended by Title III of the Financial Institutions Reform,

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Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), 12 U.S.C. § 1464(d)(1)(A)) (1994), Section (b) of the Federal Deposit Insurance Act ("FDIA"), as amended by Title IX of FIRREA, 12 U.S.C. §§ 1818(b) (1994), and Sections 5(d)(2) and (4) of the HOLA, 12 U.S.C. §§ 1464(d)(2) and (4) (1988).<sup>1</sup>

WHEREAS, GRIFFITH desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding and, without admitting or denying the findings or conclusions of the OTS, except those as to the jurisdiction of the OTS as set forth in Paragraph 1 below which are admitted, and in accordance with Rule 408 of the Federal Rules of Evidence and without trial, hearing or any adjudication on the merits, hereby stipulates and agrees to the following terms:

1. Jurisdiction.

(a) The Association is a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b) (1994), and Section 2(4) of the HOLA, 12 U.S.C. § 1462(4) (1994). Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c) (1994).

(b) GRIFFITH, as an officer of the Union Federal and its affiliated service corporations, is a "person participating in the affairs" and an "institution-affiliated party" of the Association as those terms are defined in 12 U.S.C. §§

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1. All references in this Stipulation and Consent and in the accompanying Order are to the United States Code as amended.

1464(d)(2)(A), (d)(2)(C) and (d)(4) (1988) and 12 U.S.C. § 1813(u) (1994).

(c) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q) (1994), the OTS is the "appropriate Federal banking agency" to maintain an administrative enforcement proceeding against GRIFFITH. GRIFFITH admits that he is subject to the authority of the OTS to initiate and maintain an administrative proceeding requesting an Order against him pursuant to Section (b) of the FDIA, 12 U.S.C. §§ 1818(b) (1994).

2. Consent. GRIFFITH consents to the issuance by the OTS of the accompanying Order. He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law.

3. OTS Findings of Fact. The OTS, based upon information discovered during the course of its formal examination, finds as follows:

(a) that from approximately January 1, 1988 through December 1990 GRIFFITH, an officer and Corporate Counsel of Union Federal Savings Bank, Brea, California ("Union Federal") and an officer of Uni-Cal Financial Corporation ("Uni-Cal") and Truman Annex Retail Development Company, wholly-owned service corporations of Union Federal, violated OTS regulations, engaged in unsafe and unsound conduct, and breached duties owed to Union Federal while serving in a fiduciary capacity, in connection with transactions between

Uni-Cal and/or Union Federal and a borrower/developer (or one of his affiliated entities) who served as a Uni-Cal joint venture partner, including but not limited to his actions and his failures to act that caused or enabled the following conduct by himself and/or others during the period 1987-1990 relating to certain development projects in Key West, Florida:

(b) participating in improper major loan transactions; preparing numerous extensions of credit, forbearances, loans modification, loan guarantees, or releases of collateral that had the effect of masking losses or covering up the failing financial condition of the borrower and the status of development projects for which the loans were made; entering into and/or facilitating transactions with the borrower and/or his affiliated entities without obtaining required loan committee or Board of Directors' approval; engaging in acts or omissions that enabled the borrower to use millions of dollars of disbursed construction loan funds for purposes not intended and/or disguised improper payments that benefited the borrower; and failing to adhere to and enforce internal controls, policies, practices and procedures that would have avoided losses incurred by Union Federal and/or Uni-Cal in connection with these and related transactions.

4. Acknowledgment. GRIFFITH acknowledges and agrees that he enters into this Consent willingly and without coercion or promises of any kind from the OTS or any officer, attorney, agent, or employee thereof.

5. Financial Disclosure. The OTS has determined that it is appropriate, and in the best interest of the public, to execute this Consent and the attached Order. The OTS determination is based upon available evidence and testimony and, in part, is in reliance upon the financial statement dated September 25, 1994 submitted by GRIFFITH in response to an OTS formal examination subpoena duces tecum. The OTS determination is also based, in part, on GRIFFITH's representations hereby that his current financial condition is materially unchanged from that reflected in his September 25, 1994, financial statement. GRIFFITH acknowledges and agrees that should the OTS discover or learn that GRIFFITH has failed to comply with the terms of this Consent and accompanying order, or that the financial representations made by him to the OTS were materially false or misleading (including but not limited to the failure to identify and/or properly value any material asset or liability), the OTS reserves the right to take any action authorized by law, including but not limited to voiding this settlement and seeking imposition of civil money penalties pursuant to 12 U.S.C. § 1818(i) (1994).

6. Finality. GRIFFITH stipulates that the Order is issued by the OTS under the authority of Section 8(b) of the FDIA, 12 U.S.C. §§ 1818(b) (1994) and that, upon its issuance, the Order shall become effective and fully enforceable by the OTS (or by its successor(s) or an appropriate Federal Banking Agency) under the provisions of Section 8(i) of the FDIA, 12 U.S.C. § 1818(i) (1994).

7. Waivers. GRIFFITH hereby waives the following:

(a) the right to be served with a written notice of the OTS's charges against him (see Section 8(b) of the FDIA);

(b) the right to an administrative hearing of the OTS's charges against him (see Section 8(b) of the FDIA);

(c) the right to seek judicial review of the Order, including, without limitation, any such right provided by Section 8(h) of the FDIA, 12 U.S.C. § 1818(h) (1994), or otherwise to challenge the validity of the Order; and

(d) any and all claims for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law or under the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

8. Indemnification. GRIFFITH shall neither cause nor permit the Association or its affiliated service corporations to incur, directly or indirectly, any expense for any legal or other (professional) expenses incurred relative to the negotiation and issuance of the Order and obtain any indemnification (or other reimbursement) from the Association or its affiliated service corporations with respect to such amounts. Any such payments received by or on behalf of the Respondent in connection with this action shall be returned to the Association.

9. Cooperation. GRIFFITH agrees to cooperate with the OTS, to the extent consistent with his rights under the Constitution of the United States, by providing truthful and complete information, upon request, concerning matters relating to this investigation.

10. Bankruptcy. In any bankruptcy proceeding in which GRIFFITH's obligation to pay restitution pursuant to this Consent and Order is subject to discharge, GRIFFITH will in no manner contest the OTS' assertions that the obligation for reimbursement in the Order arise out of the facts that have resulted in claims not dischargeable in bankruptcy under 11 U.S.C. §§ 523(a)(4) and (11) or otherwise.

11. Other Government Actions Not Affected. This Stipulation and Consent to Entry of an Order to Cease and Desist Directing Restitution and Other Appropriate Relief, the accompanying Order, and GRIFFITH's compliance with the Order, do not compromise, settle, dismiss, resolve, or in any way affect:

(a) any charges or potential actions arising from the Association as they might pertain to any entity or person other than GRIFFITH. The OTS expressly reserves its rights to initiate and maintain administrative proceedings against any such other entity or person;

(b) any civil or criminal claims, actions, or charges against or liability of GRIFFITH or any other individual or entity asserted by any governmental entity other than the OTS;

(c) any claims or action that may be brought against GRIFFITH by any individual or entity other than the OTS.

12. Acknowledgment of Criminal Sanctions.

GRIFFITH acknowledges that Section 8(j) of the FDIA, 12 U.S.C. 1818(j), sets forth criminal penalties for knowing violations of this Order.

WHEREFORE, GRIFFITH executes this Stipulation and Consent to Order to Cease and Desist Directing Restitution and Other Appropriate Relief, intending to be legally bound hereby.

By:

*Ronald M. Griffith*  
RONALD A. GRIFFITH

Date: Oct 31, 1995

Accepted by:

Office of Thrift Supervision

JOHN F. ROBINSON  
Regional Director  
West Region

Date: \_\_\_\_\_



WHEREFORE, GRIFFITH executes this Stipulation and Consent to Order to Cease and Desist Directing Restitution and Other Appropriate Relief, intending to be legally bound hereby.

By:

\_\_\_\_\_  
RONALD A. GRIFFITH

Date: \_\_\_\_\_

Accepted by:

Office of Thrift Supervision



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JOHN F. ROBINSON  
Regional Director  
West Region

Date: *November 14, 1995, effective  
as of October 31, 1995*

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of  
RONALD A. GRIFFITH,  
An Officer of  
UNION FEDERAL SAVINGS BANK  
Brea, California.

OTS Order No. SF-95-020

Date: October 31, 1995

ORDER TO CEASE AND DESIST DIRECTING  
RESTITUTION AND OTHER APPROPRIATE RELIEF

WHEREAS, RONALD A. GRIFFITH ("GRIFFITH") has executed a Stipulation and Consent to an Order to Cease and Desist with Restitution and Other Appropriate Relief ("Consent") that is accepted and approved by the OTS;

WHEREAS, GRIFFITH, by his execution of the Consent, has agreed to the issuance of this Order to Cease and Desist Directing Restitution and Other Appropriate Relief ("Order") by the Office of Thrift Supervision ("OTS"), in accordance with Section 5(d)(1)(A) of the Home Owners' Loan Act of 1933 ("HOLA"), as amended by Title III of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), 12 U.S.C. § 1464(d)(1)(A)) (1994), Section

8(b) of the Federal Deposit Insurance Act ("FDIA"), as amended by Title IX of FIRREA, 12 U.S.C. § 1818(b) (1994), and Section 5(d)(2) of the HOLA, 12 U.S.C. § 1464(d)(2) (1988);

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Director of the OTS the authority to issue Orders on behalf of the OTS where the Respondent has consented to the issuance of the Order.

NOW THEREFORE, IT IS ORDERED that:

1. GRIFFITH shall resign his employment with this institution effective December 15, 1995. Thereafter, GRIFFITH shall Cease and Desist from any further participation, in any manner, in the conduct of the affairs of Union Federal Savings Bank, Brea, California, and any successor institution, holding company, subsidiary, and/or service corporation thereof.

2. GRIFFITH shall Cease and Desist from and not engage in any Acts, omissions, or conduct that constitutes an unsafe and unsound practice or a breach of fiduciary duty to any insured depository institution, or a violation of any applicable federal or state law or regulation.

3. GRIFFITH, in order to remedy conditions resulting from the aforementioned regulatory violations and unsafe or unsound practices, and based upon his sworn statement of financial

condition and other relevant factors, shall pay restitution to UNION FEDERAL SAVINGS BANK in the amount of \$50,000 in the form of a cashiers check payable to the order of Union Federal Savings Bank by no later than November 6, 1995.

The above-described restitution payment shall be mailed or delivered to the Controller or Treasurer of Union Federal Savings Bank, 330 East Lambert, Brea, California 92622, or in the event the institution no longer exists, to the Controller or Treasurer of its successor(s), or to an appropriate Federal Banking Agency. Copies of the respective payment checks and any accompanying transmittal correspondence shall be sent contemporaneously to Eliot Goldstein, Esq., c/o OTS Enforcement Division, 1700 G Street, N.W. Washington, D.C. 20552.

(b) The restitution obligations of this paragraph are imposed on GRIFFITH pursuant to 12 U.S.C. § 1818(b)(6) (1994).

4. The Consent is accepted and approved by the OTS, acting through its Regional Director for the West Region and is made a part hereof and incorporated herein by this reference.

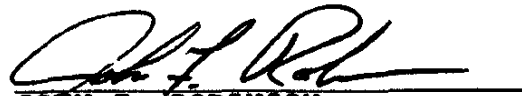
5. Notice is hereby provided that this Order is subject to the provisions of Section 8(i) and 8 (j) of the FDIA, 12 U.S.C. §§ 1818(i) and (j) (1994) and that a violation of this Order could subject GRIFFITH to the penalties specified therein.

6. GRIFFITH shall promptly respond to any reasonable request from the OTS or its successor(s) or other appropriate Federal Banking Agency for documents to demonstrate compliance with this Order.

7. This Order shall become effective on the date it is issued, as shown in the caption above.

THE OFFICE OF THRIFT SUPERVISION

By:

  
JOHN F. ROBINSON  
Regional Director  
West Region